Dynamic Asset Consulting Managed Account Service Investment Mandate

Investment Mandate issuer:
Mason Stevens Limited
ABN 91 141 447 207, AFSL 351578

Investment Sub-Adviser:
Dynamic Asset Consulting Pty Limited,
ABN 62 150 928 591, AFSL 502623

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Mason Stevens has appointed Dynamic Asset Consulting Pty Limited, ABN 62 150 928 591, AFSL 502623 (Dynamic Asset Consulting or DAC) as Investment Sub-Adviser for the Managed Portfolios outlined in this Investment Mandate.

Important Information

This Investment Mandate is issued by Mason Stevens Limited ABN 91 141 447 207 AFSL 351578 (Mason Stevens) as the Managed Discretionary Account (MDA) Provider of the MDA Service.

In this document, **MDA** refers to a Managed Account provided by Mason Stevens which follows the investment strategy and parameters of a Managed Portfolio as defined in the Investment Guide section of this document.

This document is produced without consideration of the investment goals, needs or financial circumstances of any person who may read it. If you are a retail investor, you must obtain personal advice from a licensed financial adviser on whether a particular Managed Portfolio is appropriate for you given your personal goals, needs and financial circumstances.

Investment involves risk, potentially resulting in (but not limited to) delays in payment of withdrawal proceeds and the loss of income and capital invested. Past performance is not necessarily indicative of future performance. Mason Stevens, Dynamic Asset Consulting and their respective directors, officers, employees, subcontractors and associates do not assure or guarantee the capital value of your investments will be maintained, or the investment performance of any investments acquired through this MDA Service.

Where there are references to data provided by third parties, neither Mason Stevens nor Dynamic Asset Consulting has control over that data and nor do they accept any responsibility for verifying or updating that data. Dynamic Asset Consulting and their respective directors, officers, employees and associates may from time to time hold interests in investments of, or earn fees and other benefits from, corporations or investment vehicles which may be held in your Managed Portfolios.

Dynamic Asset Consulting consent to statements in this document attributable to them or referring to them, and have not withdrawn their consent. Dynamic Asset Consulting have confirmed the statements attributable to them or referring to them are not misleading or deceptive at the time of issue.

All amounts in this document are in Australian dollars and all fees are inclusive of GST net the effect of any reduced input tax credits. This document should be read in conjunction with the Mason Stevens Financial Services Guide **(FSG)**, the Mason Stevens Global Investment Service Guide **(Guide)** including the Mason Stevens MDA Service Terms (which together form the Investment Mandate) or the Mason Steven Global Investment Service Guide for WLM Financial Services.

The FSG contains information on Mason Stevens and the MDA Service and is available at **masonstevens.com.au/fsg**. This document is incorporated by reference into the Guide which contains important information on the fees and costs you pay when you establish an account with Mason Stevens and use the MDA Service. It also contains information on how to operate your account and how to contribute into your account once it is opened. It is available at **masonstevens.com.au/investorguide** or **masonstevens.com.au/wlminvestorguide.** If you are unable to access the online information, your adviser or Mason Stevens can provide the information free of charge.

The Dynamic Asset Consulting Managed Account Service 1

1.1 Introduction

The Goals Based Portfolios Managed Account Service (Service) allows you to establish a Managed Discretionary Account (known as a managed account) to invest in a range of Goals Based Portfolios (also referred to as 'Model Portfolios') that aim to deliver specific investment outcomes.

The Service enables you to delegate the day-to-day investment decisions of your managed account to the MDA Provider, which is advised by Dynamic Asset Consulting as the Program Adviser.

The Service allows you to consolidate your investments and to access the benefits of consolidated management and reporting, including viewing the investments, any transactions and any investment changes in your portfolios on a daily basis.

Importantly, you, the investor, retains beneficial ownership of all assets within the portfolios you choose to invest in.

In conjunction with your financial adviser, multiple Goals Based Portfolios can be blended to construct an overall portfolio that seeks to improve the probability of meeting your unique circumstances and goals.

Goals Based Investing is detailed further on page 9 of this document. With advice from your financial adviser you may choose from the following Goals Based Portfolios;

Cash Flow / Liquidity based portfolios

- Cash Plus Portfolio
- Short-Term Portfolio
- Mid-Term Portfolio

Risk / Return / Future Wealth based portfolios

- Long-Term Wealth Protector Portfolio
- Long-Term Wealth Builder Portfolio

Goals Based Portfolios can be blended appropriately to target the strategic outcomes you are seeking and as agreed with your financial adviser. For example, capital may be allocated to some of these portfolios seeking to meet cash flow or liquidity needs, such as having capital available or to cover expected lump sum expenses at a particular point in time.

Alternatively, if your focus is on building or protecting your wealth, or a combination of both, then the risk/return based portfolios may be considered by you and your financial adviser.

In addition to the Goals Based Portfolios, you may also open a Self-Directed Account. Self-Directed Accounts are accounts which allow you, as the client, or your financial adviser, as your representative, to instruct Mason Stevens to deal in investments on your behalf. These accounts are client directed and you determine the composition of your portfolio. A Self-Directed Account does not form part of the Goals Based Portfolios advised by Dynamic Asset Consulting as Program Adviser in this Investment Mandate. SelfDirected Accounts can be used to hold assets you specifically request or as a transitional portfolio before migrating into the Goals Based Portfolios.

About Mason Stevens

Mason Stevens Limited is part of the Mason Stevens group of companies (Mason Stevens Group). The Mason Stevens Group is a privately-owned financial services firm based in Sydney, founded in 2010. The Mason Stevens Group specialises in offering separately managed accounts supported by a comprehensive investment and administration platform, as well as bespoke investment solutions to both retail and wholesale investors.

Managed Discretionary Account (MDA)

A Managed Discretionary Account allows you to invest following professionally managed portfolios (**Investment Options**) that have defined investment strategies. You as the investor will delegate the day to day investment decisions for the Investment Options to Mason Stevens, who may be advised by or appoint an Investment Sub-Adviser. You retain beneficial ownership of all assets within the MDA.

An Investment Option may invest in the following types of assets:

- Australian and international equities
- Fixed Income securities
- Exchange Traded Funds (ETFs)
- Managed Funds
- Separately Managed Accounts (SMAs)
- Listed property funds
- Listed Investment Companies
- Cash
- Currency and Currency Derivatives

Unlike investing in managed funds, investors in MDAs retain the beneficial ownership of the underlying assets of the Managed Portfolios. This ultimately means that you will be entitled to any income generated from assets held in the MDA but will also be liable for any tax consequences.

In addition, there are differences between investing in a managed account and an investor holding the asset directly. The table below outlines the primary differences between the two.

Benefits of the Service

The Managed Account Service (Service) allows you to consolidate other investments which you may hold and benefit from consolidated management, execution and reporting. Investors are able to view their holdings in their accounts, any transactions and investment performance on a daily basis.

If you are a retail client you can only access the Service through a licensed financial adviser and you must be provided with personal advice. Personal advice will determine whether the Investment Option offered and the Service is suitable for you. Your financial adviser will issue you with a Statement of Advice (SOA).

Suitability of this Service

Please note that the Dynamic Asset Consulting Managed Account Service may not be suitable for your relevant circumstances if you have provided limited or inaccurate personal information to your financial adviser. Furthermore, the Service may cease to be suitable should your relevant circumstances change. You should speak as soon as possible with your financial adviser should your circumstances change at any stage.

	MDA Service	Direct Investment
Beneficial owner	You retain beneficial ownership of all investments. You are entitled to all dividends, franking credits and distributions. The underlying investments are registered in the name of the Custodian appointed by the MDA Provider.	You retain beneficial ownership of all investments. You are entitled to all dividends, franking credits and distributions. The investments are usually registered in your name via CHESS or other market settlement system.
Corporate actions	Since the investments are registered in the Custodian's name any notices for corporate actions are sent to the Custodian. Upon set up of your MDA Service you will be required to provide standing instructions for future corporate actions which the Custodian will implement going forward.	You receive all shareholder notifications on corporate actions directly. You are responsible for communicating with the share registry directly to provide instructions on each actionable corporate action.
Administration	The Custodian structure removes the hassle of paperwork. All contract notes, holding statements, dividend statements can be handled by the Custodian and reported directly to your online account. At the end of financial year the investor is provided with an annual report which provides information to assist them with their tax return.	All investor communication is sent directly to you. You will need to administer all your individual investments.

1.2 Parties to the Mandate

The Investment Mandate is between Mason Stevens and you for your investment in your selected Managed Portfolios.

Investment Sub-Adviser

Mason Stevens has appointed Dynamic Asset Consulting as the Investment Sub-Adviser for the Goals Based Portfolios. Dynamic Asset Consulting's responsibilities include:

- to advise on and manage the Goals Based Portfolios in accordance with the defined investment goals and investment philosophies which are outlined in this document;
- to advise on the initial asset allocations for the Goals Based Portfolios and advise the MDA Provider of any changes of the asset allocations for the Goals Based Portfolios;
- to advise on the initial composition of investments for the Goals Based Portfolios and advise the MDA Provider of any changes in accordance with the investment parameters defined in the Goals Based Portfolios.
- to advise the MDA Provider on corporate actions arising from investments in the Goals Based Portfolios;
- to have discretion within the parameters set out in this Investment Mandate to change the composition of the Goals Based Portfolios, including changing underlying fund managers and investments.

MDA Provider

Mason Stevens is the MDA Provider and Administrator of the Service. Mason Stevens' responsibilities include:

- establishing your Managed Account
- maintaining records of investments in your Investment Options and providing you with up-to-date online reporting
- implementing transactions in accordance with your instructions or delegated authority
- changes to the Investment Options as instructed by the Investment Sub-Adviser
- implementing corporate actions in response to Investment Sub-Adviser advice
- arranging the settlement of investments in your Investment Options
- recording and crediting income on investments held in your Investment Options, and
- supervising compliance of the Investment Sub-Adviser with the Investment Options.

Custodian

Mason Stevens is licensed by the Australian Securities and Investments Commission (ASIC) to provide custodial and depository services to clients. Mason Stevens appointed a licensed sub-custodian to hold client monies and all financial products. Our primary sub-custodian is:

National Australia Bank
Level 12, 500 Bourke Street
Melbourne VIC 3000

National Australia Bank has engaged Citibank N.A as its global sub-custodian. From time to time Mason Stevens may change the appointed sub-custodian.

About the relevant parties 2

2.1 About Dynamic Asset Consulting

Dynamic Asset Consulting brings a strong background in providing investment advice and asset management to its role as Investment Sub-Adviser in respect to the Goals Based Portfolios as detailed in this document. Dynamic Asset Consulting provides Investment Sub-Adviser services in accordance with an agreement with the MDA Provider.

Dynamic Asset Consulting is responsible for advising the MDA Provider on the management and performance of the Goals Based Portfolios available for investment through this Investment Mandate.

The Investment Committee meets once every quarter and on an ad-hoc basis as needed, the purpose of which is to:

- » assess performance and forecasts for domestic and global investment markets;
- » assess political, economic and demographic influences on domestic and global investment markets;
- » provide guidance on asset allocation and timing of changes to asset allocations in the Goals Based Portfolios; and
- » provide guidance on perceived investment risks and actions seeking to address these investment risks.

The asset allocation guidance from the Investment Committee is then used by the Investment Sub-Adviser to determine the composition of the Goals Based Portfolios. Investments are then selected based upon the following criteria:

- » type(s) of security most appropriate for the relevant asset class;
- » liquidity of the security (how easy is it to buy and sell);
- » previous and forecasted investment performance;
- » capital growth prospects for the security;
- » income prospects for the security;
- » management risk associated with the selected security;
- » debt risk associated with the selected security; and
- » any other factors deemed necessary to consider in the selection of securities.

2.2 Investment Committee

The Dynamic Asset Allocation investment committee comprises the following members:

DR JEROME LANDER
Portfolio Manager

As Portfolio Manager Dr Jerome Lander has responsibility for asset allocation, fund manager selection and portfolio construction of all the Goals Based Portfolios. His expertise in asset management and investment strategy provides strong capabilities in multi-asset class investment management.

Jerome is well known in the institutional investment community and has 20 years of investment experience. He worked for many years as a leading institutional investor in Australia including being Chief Investment Officer of the WorkCover insurance fund where he was responsible for managing $12 billion institutional investment fund with a team of 12, reporting to the Investment Board. In that time, the investment fund ranked as the best institutional investment fund of its kind in Australia and the best performing of all Mercer’s (nearly 100) institutional clients. He has also been a Director of Investment Consulting for Russell Investments - one of the world’s largest asset consultants advising on over $40 billion of institutional funds in Australia, a Diversified Assets Portfolio Manager at Credit Suisse managing over $2 billion and Head of Manager Research for Van Eyk, a large retail multimanager, managing nearly $2 billion, where he achieved no.1 of 17 funds in Australian Equity, and outperformed objectives in both International Equity and Alternatives funds.

Initially qualifying in both medicine and surgery with first class honours, Jerome has since received straight High Distinctions in a Masters of Business and Commerce with a Finance specialisation, a Certified Investment Management Analyst qualification, and since 2004 has held senior roles in research and asset management for Van Eyk Research, Credit Suisse and Russell Investments. He has also served as a Board member for the Investment Management Consultants Association (IMCA).

BROOK SWEENEY
Senior Investment Consultant,
Lonsec Investment Consulting

Brook has almost 20 years experience in the Australian and UK financial service industry, with the vast majority of his experience in asset consulting and research roles.

He started his career as a research analyst with Morningstar in 1999, before moving into Policy roles at IFSA (Investment and Financial Services Association - now the Financial Service Council). Brook was Morningstar Associates Europe’s lead consultant for MetLife UK (the firms largest client in Europe). He also consulted to Morningstar’s largest Asian based clients, such as, DBS (Development Bank of

Singapore) and was the daily trader of the white labeled Italian Banca Generalli Controlled Volatility managed fund. Brook returned to Australia in 2012 as the lead consultant to CBA's Wealth Management & Advice team for Morningstar. He then spend 3 years working for CFS before joining Lonsec in January 2018 as a Senior Investment Consultant.

In this role, Brook provides portfolio construction advice, including fund research, selection and asset allocation to Lonsec's investment consulting's clients including dealer groups, independent financial planning groups and industry super funds.

ANDREW VALLNER
Director, CPG Research & Advisory

Andrew has worked in investment management, research and consulting for 23 years and is currently Managing Director at CPG Research & Advisory, an independent asset consulting firm.

He previously managed institutional money for the CUNA Mutual Group and pioneered a multi-manager listed investment company (LIC) approach as an institutional investment strategy, which strongly outperformed. Andrew maintains an active interest in LIC research today.

At CPG, Andrew publicly flagged the risk from various fixed interest defaults in Australia in May 2007, before recommending credit securities in late November 2008 and a model portfolio of defensive assets in February 2009, which returned over 100% by the end of 2010. His clients have frequently topped national performance surveys.

Andrew has been an expert speaker at global events in Australia and Overseas on topics including Credit investing and Alternatives investing. Andrew contributes LIC, credit, alternatives and his broad multi-asset expertise to the DAC Investment Committee.

MATTHEW WALKER
Investment Committee Chairman

Matthew is the founder and a Director of Dynamic Asset Consulting, which was established to provide better, more appropriate, investment solutions for clients of financial planning firms that are committed to looking after their client's wealth as best able and working in the client's best interests.

Matthew is the Chairman of the Investment Committee where his role is to provide oversight to the operations of the Investment Committee, coordination of independent members and the portfolio Manager, implementation, administration, reporting and compliance within the governance framework.

Matthew worked as a Certified Financial Planner® Professional for many years and has extensive experience operating as a financial adviser using Goals Based Advice and Investing solutions. He holds a deep understanding of the dynamics of the financial planning and wealth management industry and applies that to providing investment solutions that are fit-for-purpose within advisory businesses.

Matthew holds a Bachelor of Commerce with a double major in Economics and Finance from the University of NSW and a Diploma of Financial Planning from Deakin University.

STEPHEN BUHLMAN
Certified Financial Planner® Professional

Stephen is a Certified Financial Planner® Professional and has worked as a Financial Planner since 2000. In addition to his CFP designation, Stephen holds a Bachelor of Economics from the University of Western Australia as well as a Diploma of Applied Finance.

As an adviser he has developed significant knowledge and skills in building strategies that meet his client's long-term goals and objectives. Over the years Stephen has also developed a keen personal and professional interest in investment markets and portfolio management.

Dynamic Asset's goals-based approach resonates with Stephen's own beliefs around client care, which involve customised strategies and client focused portfolios.

Stephen is a member of the Financial Planning Association of Australia.

SEAN MCGOWAN
Certified Financial Planner® Professional

Sean is a Certified Financial Planner® Professional, Accredited Estate Planning Strategist AEPS® and LRS® Life Risk Specialist.

Sean holds a Bachelor of Economics with a double major in Economics and Finance from the University of NSW and a Diploma of Financial Planning (DFP) from Deakin University.

Sean has been working in the Financial Planning profession since 2001. Prior to working at WLM Financial Services, he worked in boutique, medium sized and institutional financial planning firms.

Sean has a host of experience talking with investors and building practical portfolios and wealth management solutions to meet their needs.

Sean is a member of the Financial Planning Association of Australia and a Justice of the Peace.

MEMBERS BY INVITATION

Dynamic Asset Consulting may periodically invite qualified experts in various fields to have input into the committee or to be a temporary member of the Investment Committee on an invitational basis. These members may provide research and advisory services or to have input on specific issues being considered by Dynamic Asset Consulting. For example, these may include:

» Asset class specialists;
» Technical market analysts; and
» Independent research providers.

3.1 The Managed Portfolios

The following pages contain descriptions for each of the Managed Portfolios that are available through this Investment Mandate.

Each Managed Portfolios is managed in accordance with an agreement between the Investment Sub-Adviser and the

MDA Provider. With advice from your financial adviser you may choose to invest in the following Managed Portfolios:

The Goals Based Portfolios contain three cash flow/liquidity based portfolios, which seek to target outcomes to provide access to capital in the targeted timeframe:

1. **Cash Plus (minimum 3 months*)**
2. **Short-Term (minimum 1 year)**
3. **Mid-Term (minimum 3 years)**

*Note: For cash flow and liquidity requirements of less than 3 months duration it is assumed for the purposes of this document that you will use a range of other cash or cash-based alternatives to meet your needs, such as personal bank or loan accounts.

Your financial adviser can use these portfolios to target your cash flow and liquidity requirements on an ongoing basis as part of your regular reviews and discussions. For example, your financial adviser may recommend you change your allocations to portfolios as timeframes change, or portfolios may be topped-up or have profits taken depending upon the returns or circumstances at that time. Your financial adviser can make recommendations to help you ensure that your portfolio remains relevant and assist you to remain on track to meet your cash flow and liquidity goals.

After cash flow and liquidity requirements have been met a financial adviser may recommend 'surplus' capital, if any, be invested on a long-term basis to meet either investment return and/or risk management goals. Risk and return are conflicting goals but you should consider both at the same time and, with help from your financial adviser, seek to determine the right balance between your financial risk tolerance and the financial returns required to achieve your goals. Generally speaking, the lower the risk, the lower the return and vice versa.

Goals Based Portfolios therefore provide two additional risk / return based portfolios which your financial adviser can utilise with the aim to either help grow or protect your wealth:

4. **Long-Term Wealth Builder**
5. **Long-Term Wealth Protector**

For example, if you are looking to grow your wealth or target higher returns to meet your longer-term goals, your financial adviser may recommend the Wealth Builder Portfolio to help you achieve this. Alternatively, if your objective is to preserve wealth over the longer-term your financial adviser may recommend the Wealth Protector Portfolio.

Your financial adviser may also blend the risk / return portfolios together to in a way that best suits you.

Depending on your circumstances, goals and risk tolerance your financial adviser may recommend one of the Goals Based Portfolios, blend them together or help you manage other specific investments through a Self-Directed Account – all reported within the one administration facility.

Bringing together cash flow based portfolios and risk / return portfolios result in an overall investment strategy that aims to meet the overall investment goals and risk appetite of an individual investor.

Within the Goals Based Portfolios listed above, Dynamic Asset Consulting works towards and monitors the:

- Goals – summarises the outcomes Dynamic Asset Consulting aims to achieve.
- Asset Allocation Ranges – is the full breadth of the range Dynamic Asset Consulting may use for the nominated asset class.
- Neutral Allocation – is the asset allocation that is used as the baseline long-term asset allocation in each portfolio that Dynamic Asset Consulting may default to, unless they consider it appropriate to change the asset allocation within the specified ranges.
- Portfolio Construction Parameters – provides an indication of the type and number of investments that may be held in order to meet the goals.

Common to all Goals Based Portfolios is the aim to produce positive returns. With the exception of the Cash Plus Portfolio all portfolios look to achieve a return over and above inflation.

For the Cash Plus Portfolio, Dynamic Asset Consulting looks to achieve a return over and above the Reserve Bank of Australia (RBA) 'special' term deposit rate, which the RBA defines as:

"The term deposit 'average 'special' rate (all terms)' is a simple average of the five largest banks' 'special' rates. From February 2009, the rate is based on the banks' advertised 'special' rates. Prior to this, the 'specials' were determined by the RBA".

Dynamic Asset Consulting uses the 'All Groups CPI' as its measure of inflation, which is determined by the average weight of Australia's eight capital cities in inflation terms. The RBA publishes the All Groups CPI and 'special' rate data. It is available on their website rba.gov.au.

Dynamic Asset Consulting can use Alternative Investments. By 'Alternative Investments' Dynamic Asset Consulting means any non-traditional asset with potential economic value that may not be found in a standard investment portfolio. Due to the unconventional nature of alternative assets, more precise definition and valuation of some of these assets can be difficult.

It is important to note however that Dynamic Asset Consulting does not classify Hedge Funds as Alternative Investments. Hedge Funds, as defined by the Australian Securities and Investment Commission (ASIC) may be used by Dynamic Asset Consulting in other asset allocation areas if they consider them the most appropriate method of achieving the goals.

Dynamic Asset Consulting, as Sub-Adviser, will advise the MDA Provider of the initial portfolio weightings for each Goals Based Portfolio. Dynamic Asset Consulting will then advise the MDA Provider of any changes to the asset allocation, investments and portfolio weights within each Goals Based Portfolio.

3.2 Investment Approach and Process

Dynamic Asset Consulting believes that the best way to achieve the investment goals is to:

- provide flexible and wide asset allocation ranges so as to be able to use a broad range of potential investments including cash, call deposits, term deposits, bank bills, deposits with Approved Deposit Institutions (ADI's), fixed interest securities, domestic and international equities, managed funds, and exchange traded funds;
- apply a robust and disciplined risk management framework to actively manage the risk and return profile of each investment in line with its goals;
- be medium to long-term focused, where relevant;
- adopt a value and contrarian style – one which does not simply follow the crowd or focus on tracking generally adopted portfolio benchmarks;
- endeavour to make sure that each investment is well understood, transparent and well managed; and
- be mindful of tax outcomes and transaction costs.

Dynamic Asset Consulting follows a disciplined 3-step investment process, which by necessity is an active one that aims to increase the likelihood that the investment goals of each portfolio are met.

1. Asset allocation

Dynamic Asset Consulting believes that asset allocation, not singular asset selection, is the most significant contributor to achieving the appropriate risk-return outcomes. As such Dynamic Asset Consulting dedicates a significant amount of time and resources to determine the appropriate asset allocation to achieve the portfolios' stated goals.

The asset allocation of each portfolio is regularly modelled and reviewed using expected returns and potential risks. The results are considered alongside current asset allocations, valuations, outlooks for markets, sentiment and momentum to determine whether any adjustment to the asset allocation of each portfolio is appropriate.

2. Investment selection

Once the appropriate asset allocation is decided, it is implemented by selecting those investments and managers which are considered best placed to achieve the targeted risk adjusted returns when combined together as an overall portfolio across the relevant timeframe.

During this stage, detailed investment and investment manager due diligence is conducted to ensure they meet the required goals and overall philosophy.

Favoured managers are those considered to be quality managers, with a sustainable competitive edge, be independent thinkers and can deliver strong returns relative to cost. All investments and investment managers are monitored once they are selected to ensure they remain 'true to label'.

3. Portfolio management

The final element involves implementation of the investment decisions and management of the ongoing compliance and operational requirements of each portfolio.

Each selected investment and investment manager has a target weighting which is determined by:

- the risk and return target of each portfolio;
- the way it interacts with other investments; and
- its impact on asset, sector and theme weightings.

There is no automatic rebalancing of investments to target weights at fixed points in time. Instead the entire portfolio is monitored and assessed on an ongoing basis, looking for opportune times to make appropriate changes.

3.3 Investment philosophy

The primary goal in managing the Goals Based Portfolios is to provide solutions to investors to assist in meeting their specific strategic investment goals.

This has been separated into two components;

1. Cash flow / liquidity; and
2. Risk / return.

The Goals Based Portfolios target 'real rates of return', i.e. over and above inflation.

As part of this goal an emphasis is placed on managing risk in order to preserve capital.

Dynamic Asset Consulting utilises a diversified asset allocation and investment manager approach, seeking to reduce volatility and lower the probability of capital loss over the timeframe associated with each Investment Option.

As the world is constantly changing and the future is uncertain, Dynamic Asset Consulting believes a dynamic asset allocation approach combined with astute selection of skilled managers in each asset class is the most appropriate way to properly manage investments and risk.

Academic research has indicated that the management of the allocation to asset classes, and not specific security or stock selection, accounts for the vast majority of variability in portfolio performance. In conjunction with this Dynamic Asset Consulting recognises that highly skilled selection of active managers can add value (alpha) and better manage specific asset class risks over time. The selection and management of portfolio weightings of skilled managers in this regard is an important contributor to goals based portfolios, particularly in the context of an environment where returns from traditional asset classes may be quite modest.

Dynamic Asset Consulting has observed that much of the investment industry adopts a stable asset allocation, perhaps with some small tactical tilts applied from time to time. Dynamic Asset Consulting's approach is to be responsive and flexible enough to cope with rapidly moving markets and to reduce the impact of short-term market volatility.

When used appropriately, the Goals Based Portfolios aim to meet the investor's goals over the appropriate timeframes.

3.4 Goals based investing

Goals based investing is an alternative approach to investing, other than using Risk Profiling and Strategic Asset Allocation (SAA).The benefit of goals based investing is that it links a client's individual goals directly to the design of their investment portfolios. For example, targeting a certain level of income or having an amount of capital available at a particular point in time. Whatever the goals, the investment decision an investor makes today determines tomorrow's financial possibilities.As each investor's situation is unique, there is no one size fits all approach. Investors' goals and risk profiles typically 'evolve' through their life cycle or as circumstances change.Dynamic Asset Consulting believes it is appropriate therefore that investors seek advice so that their overall investment portfolio is designed to meet their particular needs and goals, rather than take a more generalised approach as is usually the case under risk profiling and SAA.Goals based investing considers more than simply holding an allocation to the traditional asset classes of cash, fixed interest, property and shares in a pre-determined amount. Goals based investing and dynamic asset allocation combine in an effort to enable investors to consistently meet specific goals with an appropriate level of risk.

For example,for most investors one of the most fundamental goals is to have access to cash as or when it is required. At a base level cash flow is crucial to ensuring quality of life,regardless of your stage of life or financial position.Cash flow and liquidity requirements are therefore a useful starting point for building a goals based investment portfolio. It helps to meet living expenses or other planned expenses such as cars, homes,renovations, children's education and so forth. It can help provide peace of mind by seeking to match your investment portfolio to your cash flow and liquidity requirements.Once cash flow and liquidity requirements have been considered then wealth building or protection goals can be considered.

3.5 Rebalancing and asset weightings

The MDA Provider and the Investment Sub-Adviser will periodically review the assets held for your selected Managed Portfolios to ensure that weightings are consistent with the underlying portfolios' investment strategy as advised by the Investment Sub- Adviser. If the actual holdings in your portfolios do not align with the reference target set, your portfolios are rebalanced as closely as possible. A rebalance may not occur every time your portfolios are reviewed and remains at the MDA Provider's discretion based on the Investment Sub-Adviser's advice.

Following a rebalance, the assets held in your MDA may be different from the target sets of your chosen portfolios. If a rebalance or an investment instruction relevant to your portfolios requires a trade of less than the minimum trade size at market or less than an odd lot (in certain international markets), then this trade generally does not occur.

You should also be aware that each Investment Option has a minimum investment amount which is set taking into consideration the investment strategy and the number and types of assets held in the Investment Option. In some cases, investing the minimum investment amount may not be sufficient for you to acquire every asset in the Investment Options. If you have close to the minimum amount allocated to an Investment Option, this may result in holdings in an asset that would be less than the minimum market trade size, and therefore it may not be executed. All of the above may increase the differences between the investment performance of your portfolios and that of your chosen underlying strategies.

3.5 Dynamic Asset Consulting Cash Plus Portfolio

Profile

The Cash Plus Portfolio is a cash flow / liquidity orientated portfolio constructed with the aim of providing for capital or liquidity requirements between 3 months and 12 months. It uses a range of more defensively orientated, short-dated investments that aim to provide cash 'plus' levels of income with minimal volatility.

Portfolio parameters

Feature	Description		
Portfolio Name	Cash Plus Portfolio		
Investment Sub-Advisor	Dynamic Asset Consulting		
Inception Date	October 2014		
Investment objective	**The Cash Plus Portfolio aims to achieve the following:** Benchmark Return — RBA 'special' term deposit rate Volatility target — Volatility of less than 0.5% This managed portfolio is expected to generate income with capital stability.		
Investment Strategy and Approach	The portfolio maintains a limited but flexible asset allocation range so that capital may be dynamically allocated to help achieve the targeted return within the risk tolerances, depending on market conditions at the time. Once the appropriate asset allocation is decided, it is implemented by selecting investments and managers which are considered best placed to produce the targeted risk-adjusted returns, when combined together as an overall portfolio, across the relevant timeframe.		
Benchmark	RBA 'special' term deposit rate		
Minimum number of securities	1		
Maximum number of securities	25		
Investment universe	Cash, call deposits*, bank bills*, deposits with Approved Deposit Institutions (ADI's), managed funds or exchange traded funds *Note: exposure to these investments will be through selected managed funds only		
Asset Class	**Benchmark Index**	**Neutral Allocation %**	**Allocation Range %**
Cash	Bloomberg Ausbond Bank Bill (0+Yr)	0	0-100
Term Deposits / Money Market	RBA 'special' term deposit rate	100	0-100
Australian Fixed Interest	Bloomberg Ausbond Composite Bond	0	0-100
International Fixed Interest	Citi World Government Bonds	0	0-100
Total Defensive Assets		100	0-100
Minimum suggested timeframe	Minimum 3 months		
Minimum initial investment $	$10,000		
Minimum additional investment $	$5,000		
Minimum withdrawal	$5,000		
Rebalance frequency	Investment Sub-Adviser discretion		
Investment manager fee	0.055%		
Indirect Cost Ratio	0.135%		
Performance fee	11% of the Outperformance		

3.6 Dynamic Asset Consulting Short-Term Portfolio

Profile

The Short-Term Portfolio is a cash flow / liquidity orientated portfolio which aims to provide for capital or liquidity requirements between 12 months and 3 years. It uses a limited range of assets that aim to provide a higher than cash plus levels of income with low levels of growth and minimal volatility

Portfolio parameters

Feature	Description		
Portfolio Name	Short-Term Portfolio		
Investment Sub-Advisor	Dynamic Asset Consulting		
Inception Date	October 2014		
Investment objective	**The Short-Term Portfolio aims to achieve the following:** Benchmark Return RBA Cash + 1% Volatility target Volatility of less than 3% This managed portfolio is expected to generate mostly income and some capital growth.		
Investment Strategy and Approach	The portfolio maintains a flexible asset allocation range so that capital may be dynamically allocated to help achieve the targeted return within the risk tolerances, depending on market conditions at the time. Once the appropriate asset allocation is decided, it is implemented by selecting those investments and managers which are considered best placed to produce the targeted risk-adjusted returns, when combined together as an overall portfolio, across the relevant timeframe.		
Benchmark	RBA Cash + 1%		
Minimum number of securities	1		
Maximum number of securities	25		
Investment universe	Cash, call deposits*, bank bills*, deposits with Approved Deposit Institutions (ADI's), managed funds or exchange traded funds *Note: exposure to these investments will be through selected managed funds only		
Asset Class	**Benchmark Index**	**Neutral Allocation %**	**Allocation Range %**
Cash	Bloomberg Ausbond Bank Bill (0+Yr)	0	0-100
Term Deposits / Money Market	RBA 'special' term deposit rate	50	0-100
Australian Fixed Interest	Bloomberg Ausbond Composite Bond	25	0-100
International Fixed Interest	Citi World Government Bonds	25	0-100
International High Yield	Barclays World High Yield Bond Index	0	0-100
Total Defensive Assets		100	0-100
Minimum suggested timeframe	Minimum 12 months		
Minimum initial investment $	$10,000		
Minimum additional investment $	$5,000		
Minimum withdrawal	$5,000		
Rebalance frequency	Investment Sub-Adviser discretion		
Investment manager fee	0.198%		
Indirect Cost Ratio	0.526%		
Performance fee	11% of the Outperformance		

3.7 Dynamic Asset Consulting Mid-Term Portfolio

Profile

The Mid-Term Portfolio is a cash flow / liquidity based portfolio which aims to provide for capital or liquidity requirements between 3 to 5 years. It uses a broader mix of investments that aims to provide a moderate level of income and growth with moderate levels of volatility.

Portfolio parameters

Feature	Description		
Portfolio Name	Mid-Term Portfolio		
Investment Sub-Advisor	Dynamic Asset Consulting		
Inception Date	November 2014		
Investment objective	**The Mid-Term Portfolio aims to achieve the following:** Benchmark Return — All Groups CPI + 2.0% p.a Volatility target — Volatility of less than 6% This managed portfolio is expected to generate income with some capital growth.		
Investment Strategy and Approach	The portfolio maintains a flexible asset allocation range so that capital may be dynamically allocated to help achieve the targeted return within the risk tolerances, depending on market conditions at the time. Once the appropriate asset allocation is decided, it is implemented by selecting those investments and managers which are considered best placed to produce the targeted risk-adjusted returns, when combined together as an overall portfolio, across the relevant timeframe.		
Benchmark	All Groups CPI + 2.0% p.a		
Minimum number of securities	1		
Maximum number of securities	40		
Investment universe	Cash, call deposits*, bank bills*, deposits with Approved Deposit Institutions (ADI's), fixed interest securities, domestic and international equities, managed funds, exchange traded funds and derivatives* *Note: exposure to these investments will be through selected managed funds only. Dynamic Asset Consulting does not consider or advise on any directly held derivative investments under this Investment Mandate		
Asset Class	**Benchmark Index**	**Neutral Allocation %**	**Allocation Range %**
Cash	Bloomberg Ausbond Bank Bill (0+Yr)	0	0-100
Term Deposits / Money Market	RBA 'special' term deposit rate	15	0-100
Australian Fixed Interest	Bloomberg Ausbond Composite Bond	15	0-100
International Fixed Interest	Citi World Government Bonds	15	0-100
International High Yield	Barclays World High Yield Bond Index	0	0-100
Total Defensive Assets		**45**	**0-100**
Australian Shares (large cap.)	S&P/ASX 200	20	0-40
Australian Shares (small cap.)	S&P/ASX Small Ordinaries	0	0-40
International Shares (large cap.)	MSCI World ex Aust	15	0-40
International Shares (small cap.)	MSCI World ex Aust Small Cap	0	0-40
International Emerging Markets	MSCI Emerging Markets	0	0-40
Australian Property	S&P/ASX A-REIT	0	0-40
International Property	FTSE EPRA/NAREIT	0	0-40
Infrastructure & Utilities	S&P Global Infrastructure	5	0-40
Total Growth Assets		**40**	**0-40**

Feature	Description		
Alternative Investments	CFSB Tremont Hedge Fund Index	15	0-50
Gold	LBMA London PM Fixing	0	0-10
Commodities	Economist Commodity Index	0	0-10
Total Alternative Assets		**15**	**0-50**
Minimum suggested timeframe	Minimum 3 years		
Minimum initial investment $	$25,000		
Minimum additional investment $	$5,000		
Minimum withdrawal	$5,000		
Rebalance frequency	Investment Sub-Adviser discretion		
Investment manager fee	0.396%		
Indirect Cost Ratio	0.546%		
Performance fee	11% of the Outperformance		

3.8 Dynamic Asset Consulting Long-Term Wealth Protector Portfolio

Profile

The Long-Term Wealth Protector Portfolio is a risk / return based portfolio which aims to protect the value of your capital using a mix of predominately defensive and alternative investments, although it may hold growth assets if deemed appropriate. The aim is to provide a reasonable income stream with some capital growth and moderate levels of volatility.

Portfolio parameters

Feature	Description		
Portfolio Name	Long-Term Wealth Protector Portfolio		
Investment Sub-Advisor	Dynamic Asset Consulting		
Inception Date	December 2014		
Investment objective	**The Long-Term Wealth Protector Portfolio aims to achieve the following:** Benchmark Return: All Groups CPI + 3.0% p.a Volatility target: Volatility of less than 6% This Managed Portfolio is expected to generate a mix of income and growth.		
Investment Strategy and Approach	The portfolio maintains a flexible asset allocation range so that capital may be dynamically allocated to help achieve the targeted return within the risk tolerances, depending on market conditions at the time. Once the appropriate asset allocation is decided, it is implemented by selecting those investments and managers which are considered best placed to produce the targeted risk-adjusted returns, when combined together as an overall portfolio, across the relevant timeframe.		
Benchmark	All Groups CPI + 3.0% p.a.		
Minimum number of securities	1		
Maximum number of securities	50		
Investment universe	Cash, call deposits*, bank bills*, deposits with Approved Deposit Institutions (ADI's), fixed interest securities, domestic and international equities, managed funds, exchange traded funds and derivatives* *Note: exposure to these investments will be through selected managed funds only. Dynamic Asset Consulting does not consider or advise on any directly held derivative investments under this Investment Mandate		
Asset Class	**Benchmark Index**	**Neutral Allocation %**	**Allocation Range %**
Cash	Bloomberg Ausbond Bank Bill (0+Yr)	0	0-100
Term Deposits / Money Market	RBA 'special' term deposit rate	10	0-100
Australian Fixed Interest	Bloomberg Ausbond Composite Bond	20	0-100
International Fixed Interest	Citi World Government Bonds	20	0-100
International High Yield	Barclays World High Yield Bond Index	0	0-100
Total Defensive Assets		**50**	**0-100**
Australian Shares (large cap.)	S&P/ASX 200	0	0-40
Australian Shares (small cap.)	S&P/ASX Small Ordinaries	0	0-40
International Shares (large cap.)	MSCI World ex Aust	0	0-40
International Shares (small cap.)	MSCI World ex Aust Small Cap	0	0-40
International Emerging Markets	MSCI Emerging Markets	0	0-40
Australian Property	S&P/ASX A-REIT	0	0-40
International Property	FTSE EPRA/NAREIT	0	0-40
Infrastructure & Utilities	S&P Global Infrastructure	5	0-40
Total Growth Assets		**0**	**0-40**

Feature	Description		
Alternative Investments	CFSB Tremont Hedge Fund Index	50	0-75
Gold	LBMA London PM Fixing	0	0-10
Commodities	Economist Commodity Index	0	0-10
Total Alternative Assets		**50**	**0-75**
Minimum suggested timeframe	Minimum 5 years		
Minimum initial investment $	$25,000		
Minimum additional investment $	$5,000		
Minimum withdrawal	$5,000		
Rebalance frequency	Investment Sub-Adviser discretion		
Investment manager fee	0.495%		
Indirect Cost Ratio	0.510%		
Performance fee	11% of the Outperformance		

3.8 Dynamic Asset Consulting Long-Term Wealth Builder Portfolio

Profile

The Long-Term Wealth Builder Portfolio is a risk / return based portfolio which aims to build the value of your capital using a mix of predominately growth and alternative investments. The aim is to provide mostly capital growth with some income and may experience high levels of volatility.

Portfolio parameters

Feature	Description		
Portfolio Name	Long-Term Wealth Builder Portfolio		
Investment Sub-Advisor	Dynamic Asset Consulting		
Inception Date	December 2014		
Investment objective	**The Long-Term Wealth Builder Portfolio aims to achieve the following:** Benchmark Return — All Groups CPI + 5.0% p.a Volatility target — Volatility of less than 11% This Managed Portfolio is expected to generate a mix of income and growth.		
Investment Strategy and Approach	The portfolio maintains a flexible asset allocation range so that capital may be dynamically allocated to help achieve the targeted return within the risk tolerances, depending on market conditions at the time. Once the appropriate asset allocation is decided, it is implemented by selecting those investments and managers which are considered best placed to produce the targeted risk-adjusted returns, when combined together as an overall portfolio, across the relevant timeframe.		
Benchmark	All Groups CPI + 5.0% p.a.		
Minimum number of securities	1		
Maximum number of securities	50		
Investment universe	Cash, call deposits*, bank bills*, deposits with Approved Deposit Institutions (ADI's), fixed interest securities, domestic and international equities, managed funds, exchange traded funds and derivatives* *Note: exposure to these investments will be through selected managed funds only. Dynamic Asset Consulting does not consider or advise on any directly held derivative investments under this Investment Mandate		
Asset Class	**Benchmark Index**	**Neutral Allocation %**	**Allocation Range %**
Cash	Bloomberg Ausbond Bank Bill (0+Yr)	0	0-100
Term Deposits / Money Market	RBA 'special' term deposit rate	0	0-100
Australian Fixed Interest	Bloomberg Ausbond Composite Bond	0	0-100
International Fixed Interest	Citi World Government Bonds	0	0-100
International High Yield	Barclays World High Yield Bond Index	0	0-100
Total Defensive Assets		**0**	**0-100**
Australian Shares (large cap.)	S&P/ASX 200	30	0-50
Australian Shares (small cap.)	S&P/ASX Small Ordinaries	0	0-50
International Shares (large cap.)	MSCI World ex Aust	15	0-50
International Shares (small cap.)	MSCI World ex Aust Small Cap	0	0-50
International Emerging Markets	MSCI Emerging Markets	10	0-50
Australian Property	S&P/ASX A-REIT	5	0-50
International Property	FTSE EPRA/NAREIT	5	0-50
Infrastructure & Utilities	S&P Global Infrastructure	15	0-50
Total Growth Assets		**80**	**0-80**

Feature	Description		
Alternative Investments	CFSB Tremont Hedge Fund Index	20	0-50
Gold	LBMA London PM Fixing	0	0-10
Commodities	Economist Commodity Index	0	0-10
Total Alternative Assets		**20**	**0-50**
Minimum suggested timeframe	Minimum 7 years		
Minimum initial investment $	$25,000		
Minimum additional investment $	$5,000		
Minimum withdrawal	$5,000		
Rebalance frequency	Investment Sub-Adviser discretion		
Investment manager fee	0.792%		
Indirect Cost Ratio	0.411%		
Performance fee	11% of the Outperformance		

Risk of investing

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Before you make an investment decision, it is important that you understand the risks that can affect your investment. You must be prepared for the risk that your investment does not meet your investment objectives or you lose money on your investment.

Specific investment risks apply to all investments that may have an effect on the value of your Investment Option. The risks of investing in the Investment Options may include, but are not limited to, the following factors:

» Market Risk – Unexpected conditions (i.e. economic, technological or political) can have a negative impact on the returns of all investments within a particular market. General movements in local and international stock markets, prevailing and anticipated economic conditions, investor sentiment, interest rates and exchange rates could all affect the value of listed securities and the investment returns.

» Company or security specific risk – Risks which could affect the value of a specific security, such as a fall in the profit performance of a company, may impact adversely on its share price and may also affect the interest rate it has to pay to borrow funds, which in turn, can affect the value of its debt securities.

» Currency risk – If any international assets held by the Investment Options are unhedged, a rise in the Australian dollar relative to other currencies will negatively impact investment values and returns. Currency markets can be extremely volatile and are subject to a range of unpredictable forces.

» Derivatives risk – A derivative is a financial instrument which has characteristics derived from an underlying asset or index. Typically the derivatives are either cash settled or are realised by being closed out with a derivative of the opposite nature. Derivatives may be used by investment managers or managed funds to protect against changes in market value of existing investments, to simulate an investment position without purchasing or selling the underlying asset, to partially or substantially manage against various risks such as credit and interest rate risks or to gear an investment or a portfolio. The use of derivatives brings additional risks. These risks include the failure of the value of derivatives to move in line with the underlying asset, a derivative position may be costly to reverse, the parties/counterparties associated with the derivative contract do not fulfil their obligations, and derivatives may be impacted by market liquidity. Derivatives which are a leveraged investment can increase your potential losses and gains in relation to movements in the price of the underlying assets. Exchange traded derivatives, including the ETOs available for the Investment Option, do not remove all of the general risks of derivatives, and may have their own risks. Before investing in any derivatives instrument you must fully understand and accept the risks involved.

» Sophisticated product risk – The use of sophisticated financial products, such as derivatives including ETOs has the potential to cause losses that are large in proportion to the money invested in them. Such products may also have embedded leverage thereby potentially magnifying further losses. The cost of using such financial products may also reduce returns. The Investment Option may also invest in the above products and their use has the potential to cause losses that are large in proportion to the money invested in them or even unlimited losses. Before investing in any derivatives instrument you must fully understand and accept the risks involved.

» Custody and margining risk – Mason Stevens is custodian for derivatives held for all of its clients, including for accounts which do not include these Investment Options. While Mason Stevens allocates derivatives to its clients in its records, as with other investment, the derivatives may be aggregated in the accounts of sub-custodians and clearing participants of exchanges. This can lead to derivative assets which are beneficially held for a client being available to meet the margin or other exchange obligations arising due to other derivatives held for Mason Stevens in the same account. This can expose a client's assets to being lost, due to meeting those other obligations (i.e., without any default by the client).

Other risks of investment include:

» Interest rate risk – Changes in interest rates can influence the value and returns of investment in the Investment Option.

» Credit risk – Any change in the market perception of the creditworthiness of a security or the credit rating of the issuer of the security may affect the security's value.

» Investment Sub-Adviser risk – This is the risk that the Investment Sub-Adviser may not achieve their stated investment objectives or that changes in the investment team may impact on the performance of the Investment Sub-Adviser.

- Liquidity risk – The risk that the Investment Option may experience difficulty in realising its assets.
- Time horizon risk – There is no assurance that in any time period, particularly in the short term, a Investment Option will achieve its investment objectives. Many of the underlying assets may be volatile particularly over the short term. The Investment Option is suitable for long term investors and is not designed for short term investment.
- Income risk – The level of income generated on the Investment Option's investments can fall as well as rise and the tax status of such income can change.
- Asset risk – Asset risk is the risk that a particular asset or asset class in which the Investment Option invests may fall in value, which may have an impact on the value of the Investment Option.
- Diversification/Concentration risk – If your Investment Option is concentrated into one investment or sector, a fall in that investment or sector may have a significant adverse effect on your total Investment Option. Diversification is used as a strategy aimed at reducing the impact that volatility in one investment or sector will have on the performance of your overall Investment Option. The Investment Option will have a relatively higher concentration over time of listed securities but it is not possible to advise in advance the levels of concentration or diversification of issuers, types of investments or industry sectors.
- Inflation risk – Your investment may not keep pace with inflation. Broadly, this could mean that prices may increase more than the value of your investments in the Investment Option and if this risk eventuates, you would not be able to buy as much with the value of your investments in the future as you could now.
- Investment risk – All investments have an inherent level of risk. The general expectation is that a high risk investment offers a higher expected return on investment. Investment risk may result in performance less than you expect or the loss of all of the capital invested or reduction in or no income and possible delays in repayment. Whilst it is the intention of the Investment Sub-Adviser to implement strategies designed to minimise potentiallosses, there can be no assurance that these strategies will be successful.
- Specific portfolio risk – The Investment Sub-Adviser's investment approach may result in a Investment Option that differs substantially from an industry benchmark and hence the Investment Option's investment returns may also differ substantially from industry benchmark returns.
- Third party risk – The MDA Provider uses information and services provided by third parties such as sub-custodians and other service providers.Procedures are in place to address risks associated with outsourcing, such as having comprehensive service agreements with service providers. If a service provider advises of an error, it is corrected and if material, it will generally be communicated to you or your advisor (or both).
- Systems and technology risk – The MDA Provider relies on the integrity and reliability of the Investment Option trading and administration systems used to manage your managed account. To minimise potential risks, established systems operated by experienced system providers are used. The system providers must have back-up arrangements and business continuity plans. In the event that the systems fail there may be delays in processing transactions or in accessing your investment capital and investment returns may differ from those that would have been achieved.

Please note that the risks identified are not meant to be exhaustive as it is not possible to identify every risk factor associated with investing. The appropriate level of risk for you will depend on various factors including your age, investment timeframe, other investments you may hold, and your level of risk tolerance. Investors who have concerns regarding any of the above risk factors, or any other applicable risks, are encouraged to contact their financial adviser.